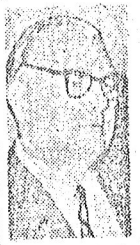
Big 'Fee' To Get Teamster Loan Told

By D. J. R. Bruckner

A Florida real-estate developer Friday testified he paid $300,000 in "under-the-table commissions" to two associates of teamsters' union chief James R. Hoffa to get a $3,300,000 loan from the teamsters' pension fund.



VAUGHN B. CONNELLY

Vaughn B. Connelly told a jury in U.S. District Court he made the payments "in varying forms" to Benjamin Dranow and Calvin Kovens, defendants in the fraud trial along with Hoffa and five others.

He said part of the payments went to Dranow through bank notes that Dranow had discounted, that some went to Kovens, and that $3,000 went to a Washington woman, Sally Huchs, whom Connelly connected with Hoffa and Dranow.

Paid For Vacations, He Says

The $3,000 to Miss Huchs was for a Hawaii vacation, Connelly said, and was paid to her at Dranow's request. "Dranow thanked me for it," he added.

Connelly was the first witness at the trial who personally identified all eight defendants. He identified Dranow under four different names, saying the former Minneapolis businessman was first introduced to him as 'Mr. Grossman" and later used the names "Mr. Jenkins and Mr. Morris" at various times.

He described Dranow, who is now serving federal prison sentences for mail fraud and tax evasion, as "very close" to Hoffa and the man who made all arrangements for the loan from the teamsters' pension fund.

Reason Alleged

The goverment contends that the alleged fraud plot was hatched in 1958 to make money available to bail Hoffa out of an abortive land-development scheme at Sun Valley, Fla. It charged, in 27 fraud counts and one of conspiracy, that the eight men fraudulently obstained $25,000,000 from the pension trust, with offices at 29 E. Madison, and diverted $1,700,000 to their own uses.

Connelly said he had contracted with the Cal Kovens Construction Co. in 1957 for extensive remodeling of his Everglades Hotel in Miami Beach. The work was to cost $700,000.

When he had difficulty finding the needed money for the work, Connelly said, Kovens suggested "he could get me a teamster loan."

Introduced To Dranow

Kovens then introduced him to Dranow (then called Grossman), he testified, and Dranow in turn introduced him to New York accountant S. George Burris, another defendant. Burris instructed him, Connelly said, on how to make out the loan applications.

The government describes Burris and his son Herbert, another defendant, as experts in loan applications to the pension fund.

Originally he had planned to ask for $2,500,000 maximum, Connelly said, but Dranow "informed me there would be a 10 per cent commission, I said this was steep and I could not do it. He then told me to raise the loan to $3,300,000, which would give him a $300,000 commission and, besides, the trustees (of the fund) would probably knock down the figure a little."

Hoffa Talks Claimed

Between the time of the application, in September, 1958, and the time the loan was granted, in January, 1959, Connelly said he talked a number of times "with the boss, the wheel, Mr. H (Hoffa)," and that Hoffa assured him he would try to rush the loan.

A copy of the loan application was sent to Miss Huchs "for Hoffa," Connelly said.

When there was a delay in getting letters of assurance on the loan, in November, 1958, Connelly testified, "Dranow told me he had a bank connection and could get notes discounted."

Connelly said he gave Dranow four notes for $25,000 each in November of that year and Dranow had them discounted. Some of the money was used to pay construction bills, he added. He said Dranow received the proceeds from the discounting of the notes.

Next Request Reported

Dranow's next request for money came in December, the developer said, when Dranow asked him to give the $3,000 to Miss Huchs for her vacation. He said the woman was at one time chief telephone operator of the Woodner Hotel in Washington and was living in the hotel at the time he sent her the money.

Connelly said Dranow was "mysterious" in his connections with the pension fund and "said he did not want to be seen" at the fund headquarters when Connelly appeared before the fund board of trustees on Dec. 4, 1958.

"I met him later in the Palmer House, along with George Burris and (Zachary) Red Strate," Connelly said. Strate, a New Orleans builder, is another defendant in the case.

Calls At Hotel Cited

By the time the $3,300,000 loan from the fund was granted, Connelly said, "Dranow had begun to call on our hotel (the Everglades). He was there almost every day."

Connelly's testimony about the remaining "commissions," which he described as "under-the-table payments to Kovens and Dranow for the loan," was interrupted when government prosecutors stopped to introduce thousands of checks and records into evidence.

Judge Richard B. Austin ordered Connelly to appear again Monday for further testimony about the $3,300,000 loan and another $1,000,000 loan obtained from the pension fund later in 1958.

HAYMARKET RIOT INJURE

Memorial service is held at statue commemorating the nine Cl Haymarket Riot, May 4, 1886. Addressing the group is lawy captain father was injured when bomb exploded in crowd a Police were attempting to disperse crowd of anarchists. Obse Week here. (Sun-Times Photo by Gene Pesek)